

UTILITIES SERVICE BOARD MEETING
July 10, 2006

UTILITIES SERVICE BOARD MEETINGS ARE RECORDED ELECTRONICALLY OR STENOGRAPHICALLY AND ARE AVAILABLE DURING REGULAR BUSINESS HOURS IN THE OFFICE OF THE DIRECTOR OF UTILITIES.

Board President Swafford called the regular meeting of the Utilities Service Board to order at 5:06 p.m. The meeting was held in Conference Room 100B at the Indiana University Research Park at 501 North Morton Street in Bloomington, Indiana.

Board members present: Tom Swafford, Tim Henke, Jeff Ehman, Susan Sandberg, Sam Vaught and Tim Mayer. Staff members present: Patrick Murphy, Michael Horstman, Tom Staley, Nathan Schulte, Mick Renneisen, Vickie Renfrow, Mike Bengtson, John Langley, Adam Wason, Patrick Stoffers, Jane Fleig and Mike Trexler. Others present: Mark Menefee representing I.U., Mary Catherine Carmichael representing the Bloomington Parks Board, Ben Beard representing Gentry Estates, and Margaret Fette representing the Libertarian Party.

MINUTES

Board Member Vaught moved and Board Member Ehman seconded the motion to approve the minutes of the June 26, 2006, meeting. Motion carried. 5 ayes, 2 members absent, (Julie Roberts and John Whikehart).

CLAIMS

Board Member Vaught moved and Board Member Ehman seconded the motion to approve the claims as follows:

Claims 0690818 through 0690973 including \$171,378.11 from the Water Operations & Maintenance Fund and \$65,410.75 from the Water Construction Fund for a total of \$236,788.86 from the Water Utility; Claims 0630598 through 0630648 including \$209,011.01 from the Wastewater Operations & Maintenance Fund and \$65,410.74 from the Wastewater Construction Fund for a total of \$274,421.75 from the Wastewater Utility; and a total of \$1,024.43 from the Wastewater/ Stormwater Utility. Total Claims approved – \$512,235.04.

Regarding Claim 0690921, Board Member Sandberg asked the purpose of the aerial photos of the Water Treatment Plant. Deputy Director John Langley responded that he would find out the purpose of the photos and advise the Board. Board President Swafford asked about Claim 0630600 BBC Pump and Equipment Co for repairs to a pump at Smith Lift Station. He commented that there have been a lot of repairs lately at Smith. Assistant Director Tom Staley agreed that there indeed have been repairs at Smith. There was an electrical power surge at that location which caused damage.

Motion carried. 5 ayes, 2 Members absent, (Roberts and Whikehart).

SPECIAL CHECK RUNS

Board Member Vaught moved and Board Member Ehman seconded the motion to approve the Special Check Run dated 06/29/06 as follows:

Claim 0690907, including \$1.20 from the Water Operations & Maintenance Fund and \$118.80 from the Wastewater Operations & Maintenance Fund, for a total of \$120.00 approved.

Motion carried. 5 ayes, 2 Members absent, (Roberts and Whikehart).

Board Member Vaught moved and Board Member Sandberg seconded the motion to approve the Special Check Run dated 07/05/06 as follows:

Claim 0630650, including \$117.00 from the Wastewater Operations & Maintenance Fund, for a total of \$117.00 approved.

Motion carried. 5 ayes, 2 Members absent (Roberts and Whikehart).

REVIEW OF 2007 BUDGET

Utilities Director Murphy presented an overview of the 2007 budget and thanked employees for their hard work in producing this budget. The budget reflects a reduction of 2% in categories 2 and 3 wherever possible. A 3% pay raise for non-union employees is included. AFSCME employees will receive a 44 cent increase pursuant to their contract which runs from 1/1/04 to 12/31/08. Our cash reserve for the beginning of 2007 is expected to be \$5.9 million. We are proposing a Lake Griffy long-range study in partnership with the Parks Department. We have earmarked \$125,000 for that. Additionally, we have made a one-time commitment of \$100,000 to partner with the Common Council sidewalk fund.

We project water revenues for 2007 to be \$11,115,000 wastewater revenues to be \$14,225,000 and stormwater to be \$1,447,000, for a total anticipated revenue of \$26,787,000, a change of \$864,000. For 2006, we had budgeted wastewater connection fees to be \$350,000. However, because of several large projects, such as the new Wal-Mart, the new hotel, and the 4th and Indiana project, we have already taken in \$380,000 year-to-date in wastewater connection fees.

Our debt requirements have gone up in 2006 and 2007 due to Blucher Poole Phase I and some other projects. Even with this, our 60 day reserve for O & M is still \$2.4 million and available fund balance is \$3.5 million, for a total of \$5.9 million. Additionally, \$1.9 million from 2005 is still set aside for ongoing capital projects, and we may do the same thing next year.

The O & M budget summary shows category 1 up 3.9%, reflecting a possible salary increase of 3% and increases in benefits. Category 2 shows an increase of only 1.4% and in category 3 some areas are down significantly and the entire category is down 3.2%, with the total for all categories increasing only 2.4%. Mr. Murphy then talked about the budgets for the individual departments.

Mr. Murphy then addressed the Griffy Lake long range plan. Griffy has been managed by the Parks Department since 1971 and has not been a source of drinking water since 1995. The last long-range plan was done in 1984 and quite a few changes have taken place. The plant is in mothball status. The study would give us a detailed evaluation of the plant and its structural integrity, the feasibility of its reuse, with the possibility of its demolition. The historic significance of the building needs to be determined. Lake management is of paramount importance. The size of the lake has decreased significantly since 1949 due to sedimentation. Management of aquatic weeds is an issue, as are park access and trail evaluation. The cost of the plan is not to exceed \$125,000.

A number of other Extension & Replacement projects were mentioned for Water, Wastewater, and Stormwater.

Mr. Murphy also proposed an expenditure of \$100,000 for the City Council Sidewalk Committee. The Sidewalk Committee budget for 2006 was \$200,000, with \$185,000 going toward sidewalk projects and \$15,000 for traffic calming initiatives. In the past, a portion of the sidewalk money has been

spent for drainage, so supplementing those funds with an additional \$100,000 from Utilities is a way to assist in paying for the drainage needed on these projects.

Regarding debt, some of the debt was shifted from Wastewater to Stormwater because it had been misclassified. Additionally, some revenue bond payments will be due 1/1/07 and must be included in the 2006 budget.

Mr. Ehman asked if \$93,000,000 debt is typical for a city of our size. Budget Analyst Mike Trexler explained that we are at the maximum debt coverage ratio (1.25) based upon our rate structure and cannot borrow any more money. We have enough money to cover our debt plus 25% more. He stated that we are not out of line. Mr. Vaught pointed out that we would have to raise rates in order to borrow any more. Mr. Ehman asked if this would limit our ability to build another treatment facility. Mr. Murphy said yes, that's down the road, possibly 2010. We would have to talk about what our next steps are. Our engineers are going to be looking at this. Mr. Vaught reminded Mr. Murphy that in the past we had pushed our limits on wastewater capacity. Mr. Murphy stated that the Board had discussed growing cash reserves so that future projects might be pay-as-you-go. Mr. Swafford pointed out that our debt will go down over the years and we have taken steps to solve some of our problems, although there is more to be done with stormwater.

Mr. Ehman stated that our contribution to the Sidewalk Fund should be used only for drainage. Mr. Murphy pointed out that our funds cannot be used for sidewalks, and so will be used only for stormwater. Mr. Henke asked how the projects come about. Mr. Mayer stated they come from Public Works, or Housing and Neighborhood Development, or from the City Council Sidewalk Committee. The drainage infrastructure is often the biggest portion of the expense. Mr. Henke asked if they would come to the Board for approval of each project. Mr. Murphy said no. Mr. Swafford asked Mr. Mayer to keep the Board updated on the list of projects. Mr. Vaught asked if the Board would have any say about which projects were approved. Mr. Murphy pointed out that the claim would have to be approved. Mr. Vaught pointed out that the work would already be done at that point and it would be too late, and asked if one of our engineers could sit in on sidewalk meetings. Mr. Murphy said that could be done.

Mr. Ehman was concerned that the Illinois Central maintenance agreement is not budgeted after July. Mr. Langley stated that he didn't anticipate asking the Board for money for a contract for operation after January 1st. He mentioned that it is possible that a short term extension may need to be funded soon, and he will keep the Board apprised of the situation.

Mr. Ehman asked if a position in Customer Relations had been eliminated. Mr. Murphy stated no.

Mr. Henke asked what happened to the project to drain Griffy Lake. Mike Bengtson, Assistant Director of Engineering, stated that some underground work was done, a line was extended to an existing sewer line, and a control valve was installed. A test run was done and they are waiting for further direction from City Hall. The investment we made was not wasted because it appears that drain down will probably be a part of lake maintenance. We are ready anytime.

Mr. Henke stated that the budget emphasizes feel-good things but we don't have enough money to do culverts, etc. We are maxed out on water treatment and water transmission. We have some problems that were pointed out by Greeley & Hansen. Mr. Murphy said some of the problems will be taken care of with the relining projects and that's a capital project. We clearly know we have to do things and we are not ignoring them. It will take financing. Our rate increase did not increase stormwater. We have asked Donahue & Associates to begin looking at stormwater projects and sanitary sewers in neighborhoods. Some of those projects will probably require financing.

Mr. Vaught asked Mr. Trexler to send him a list of the projects included in the cash on hand restricted for ongoing capital projects (\$1,948,899.)

The finance subcommittee recommended approval of the budget as it stands. Mr. Vaught has reservations about the Griffy project and wonders if we should spend such a large amount on money on what is clearly a Parks project. Ms. Sandberg seconded the recommendation for preliminary approval. Mr. Swafford stated that this will be reviewed again on July 24th. Mr. Henke stated he is cannot support the Extension & Replacement at Griffy and is not comfortable not dealing with the Grimes Lane capacity problem until fall '07. Mr. Murphy stated that hiring engineers is included. Mr. Bengtson stated that Grimes Lane will probably have to have a parallel sewer. Mr. Henke said he understands that we are on track but the track is too slow.

Mick Renneisen from the Bloomington Parks Department thanked the Board for a long history of cooperation and partnering on projects. The last plan for Griffy Lake is 23 years old. Griffy is now a recreation resource and is not now a water source, but we need to find out if it could be used. The Parks Department has managed the lake for 34 years but it still belongs to Utilities. Decisions about the future of the lake should be made collectively. Mr. Vaught asked if the Parks Department would be willing to participate in funding the study. Mr. Renneisen said the Parks Department is willing but has budget constraints and most of their contribution would have to be in kind staff expertise. He pointed out that this is not a complete study of the lake. The elements that are left out would be done in house or by SPEA or HPER students. Ms. Sandberg asked who would be doing the study. Mr. Renneisen said that the consulting firm has not yet been chosen. Mr. Henke asked if the study would answer whether the lake is a viable back-up water source. Mr. Renneisen said that it could if we requested it. Mr. Henke asked if the study will make it clear to Parks whether they are willing to take ownership of Griffy if the Board decides to do that. Mr. Renneisen stated that they are uneasy about having total responsibility for the dam because it is beyond their scope of expertise and dollars, if the community wants to continue to have Griffy as a recreation resource.

Mr. Swafford asked if the Board would be more comfortable delaying action on the budget until the next meeting on July 24th. Mr. Vaught said he would like more time to think about it and that he would like to see Parks continue to manage Griffy.

Mary Catherine Carmichael, President of the Parks Board, thanked the Board for all they've done and said they've been great partners. The Parks Board would appreciate the USB considering funding this study, which would give us answers that we need. The choices to be made might be different for recreation than for use as a secondary water source.

Margaret Fette, Monroe County Libertarian Chair, is bothered by the fact that there was no increase in the transportation budget and hopes that the Board will wait to vote.

Mr. Swafford said that given the concerns that have been raised, he would entertain a motion for Do Pass with a final vote on the 24th. Mr. Murphy stated that Julie Roberts and John Whikehart are not in attendance and he would welcome their input.

Board Member Vaught moved and Board Member Henke seconded the motion for preliminary Do Pass with a final vote on July 24th. Motion carried. 5 ayes, 2 members absent, (Julie Roberts and John Whikehart).

APPROVAL OF COLLECTION SERVICES AGREEMENT

Michael Horstman, Assistant Director of Finance, presented a contract for collections with IEI, with whom we are currently doing business. We sought quotes from other companies and this was the

lowest of four. There are no major differences from our current contract. It is for one year with an automatic renewal for another year. We have been sending them more accounts recently, as we try to comply with the State Board of Accounts audit.

Board Member Henke moved and Board Member Vaught seconded the motion to approve the contract. Motion carried. 5 ayes, 2 members absent, (Julie Roberts and John Whitehart).

OLD BUSINESS: No Old Business was presented.

NEW BUSINESS: No New Business was presented.

SUBCOMMITTEE REPORTS

There will be an Engineering Subcommittee meeting Thursday July 20 at 5:00 p.m. in Room 210. It will be a work meeting with the County.

STAFF REPORTS

Mr. Bengtson reported that we are now running the new chemical feed system. The old chemical feed system has been demolished and there is now room for two more chemical feed skids that are nearly in place. The painting of the back wash tank has been delayed because the contractor has subcontracted the job to another painter, and we are waiting for credentials on the new painter. Our SCADA system is up and running and doing a beautiful job. The operators are satisfied. There will be no further payments to Danis until the end of the project, pursuant to the letter we sent them. They are still working. We are still looking at August for a completion date.

Mr. Langley reported that the City Council approved unanimously the new sewer use ordinance, and he thanked the Board for all of their support.

Mr. Swafford reported that he met with Schmidt Architects today. A new architect has been assigned to the project. Material costs are going up and we are a little over budget. They have proposed some changes which are not acceptable. We are scheduled to be up for bids in about two weeks, with completion July 2007. A number of contractors are interested. Mr. Swafford reminded them that they have to stay on schedule.

Mr. Murphy stated that some single wide trailers have been placed in the parking lot for offices. The double wides are to be removed.

PETITIONS AND COMMUNICATIONS

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 6:52 p.m.

L. Thomas Swafford, President